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AGRICULTURE AND AGRI-FOOD
MOVING *forward*

BUILDING A STRONG FOUNDATION
FOR RURAL CANADA



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Ministère de l'Agriculture
et des Pêches Canada / Agriculture
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Canada

The Government is committed to the economic renewal of rural Canada.

The Government will address the problems facing rural Canadians in a way that is tailored to their needs.

SPEECH FROM THE THRONE, FEBRUARY 1996

Strong rural communities are essential for the social and economic health of Canada. Rural communities with robust economies provide a solid foundation for a vibrant trading nation.

The federal government is focussing on the economic renewal of rural Canada through a variety of initiatives. The Minister of Agriculture and Agri-Food (AAFC) has been designated as the lead Cabinet Minister in the promotion and facilitation of rural economic renewal and has been working closely with his colleagues to coordinate efforts across the federal government in order to better serve rural Canadians.

Through its Rural Secretariat, AAFC is a federal focal point on rural Canada. The secretariat performs an important role, bringing together federal government departments, regional agencies and rural stakeholders to raise the profile of rural issues, increase understanding and sensitivity to the challenges faced by rural Canadians, and promote rural economic opportunities.

Rural Canada is much more than the agriculture and agri-food sector, but our farm and food industries are pivotal in forging a vigorous rural economy. AAFC's branches and agencies deliver a broad range of programs and services that, together, will position Canada's agri-food sector as a national and international leader. Generating more investment, innovation, and value-added production will lead to more trade and more jobs for rural Canadians, and greater opportunities within their own communities.

ENHANCING ACCESS TO CAPITAL

In the bid to strengthen and renew our rural communities, healthy businesses are key. The proportion of rural Canadians employed in small businesses is almost double the proportion of urban employees working in small firms. Small businesses are responsible for significant job creation in Canada.

The federal government is making more investment capital available to rural businesses through regional development agencies that strike partnerships with the private sector to leverage loan capital above and beyond what is traditionally available. The effect has been to help rural businesses expand, while maintaining responsible control over taxpayers' dollars.

The Farm Credit Corporation is one of the federal government's vehicles for investing in rural enterprises. The Farm Credit Corporation Act was changed in 1993, allowing the federal farm lender to better serve rural communities by broadening its client base and increasing the range of activities eligible for loans. Now, FCC can lend to part-time farmers, finance value-added agricultural ventures, and accept other forms of security in addition to land, allowing it to finance equipment purchases. Meanwhile, AAFC continues to investigate and consider new equity instruments that might be developed to augment existing loan programs for farmers.

From April 1993 to October 1996, FCC lent about \$114 million for farm-related business and on-farm diversification projects. The loans have been used to finance a wide variety of projects, ranging from inland grain terminals, straw-board plants, and rural infrastructure

to ventures such as on-farm processing, bed and breakfasts, aquaculture and forestry projects. The 1997 federal budget provided the corporation with a further \$50 million in equity to help meet the demand for existing financial products, as well as develop new ones.

PARTNERSHIPS WITH RURAL COMMUNITIES

Through partnerships with rural communities, Agriculture and Agri-Food Canada is facilitating the growth and revitalization of rural Canada.

CARD PROGRAMS

The Canadian Adaptation and Rural Development (CARD) Fund is a \$60-million-per-year fund to aid the agricultural and rural sectors in responding to change. Initiatives help farmers and other agri-food sector participants to

develop new income-generating opportunities through the adoption of new technology and production techniques, improved business management and marketing practices, and implementation of structural changes to the industry. Many CARD initiatives are delivered by industry-led councils, allowing programs to be tailored to local needs. In this way, the federal government encourages economic growth, cross-sector alliances, and grassroots decision-making.

CARD also funds national initiatives including:

- The Canadian Farm Business Management Program to help farmers upgrade their business management skills. This is a cooperative program, with participation from the agricultural industry, provinces and the federal government.
- Business Planning for Agri-Ventures, a program administered by the Farm Credit Corporation, which provides advice to farmers and agri-business operators who want to establish, expand or diversify their businesses.
- The Canadian Agriculture Safety Program (CASP), designed to reduce farm injuries and fatalities in rural Canada.
- An enhanced financial review and mediation service for farmers, replacing the Farm Debt Review Boards.
- Financial support for the Canadian 4-H Program, which helps to enhance the long-term viability of the agri-food industry by developing the skills of rural youth.

PFRA ACTIVITIES

The Prairie Farm Rehabilitation Administration (PFRA) provides economic development assistance for rural communities across the Prairie region by analysing opportunities, developing ideas and assessing the feasibility of projects. PFRA's network of regional and district offices and special centres enables the agency to extend its reach to rural communities and be more

ADAPTATION COUNCILS: PARTNERSHIPS FOR ACTION

Key to our approach is building strategic alliances and partnerships with industry and rural Canadians, to lay the foundation for future growth and adaptation.

The basic direction for adaptation programming was set through round-table consultations with industry that took place across Canada.

Industry said it wanted more decision-making and program delivery to be undertaken by grassroots organizations. The argument was made that industry delivery of programs can reduce federal costs and enhance flexibility. In response, the CARD Fund is approaching adaptation programming from a new perspective.

Industry-led adaptation boards or councils are being established in each province. These councils set priorities, make decisions about how money will be spent and manage their province's share of the CARD funds themselves. Accountability is built in through the participation of federal officials and established mechanisms for reporting spending and performance.

Industry councils operate at a provincial level. Councils are encouraged to share information to help maximize allocations. By identifying common interests and priorities, and fostering greater inter-provincial collaboration, each council's funding will be used more efficiently and effectively.

responsive to rural development needs. Since 1993, PFRA has been delivering federal-provincial programs such as the Canada/Saskatchewan Agri-Food Innovation Fund (AFIF), Canada/Manitoba Partnership Agreement on Municipal Water Infrastructure (PAMWI) and Green Plan programs in the Western provinces. Through these initiatives, Agriculture and Agri-Food Canada helps community groups and entrepreneurs to take advantage of local opportunities to expand their business or embark on new ventures that bring jobs and economic growth to their communities.

ADJUSTING TO TRANSITION

As farmers adapt to the elimination of subsidies under the Western Grain Transportation Act and the Feed Freight Assistance Program, the Government of Canada is making the transition period as stable as possible by providing \$2 billion in adjustment funds

over three years. Producers are using this money to invest in new business opportunities.

Since the elimination of the Western Grain Transportation Act, \$1.6 billion has been paid out under the Western Grain Transition Payments Program. This program was one of the largest of its kind in Canadian history. The money is helping to lay the foundation for a new western agricultural economy – an economy based on diversification, international competitiveness, greater self-sufficiency and teamwork.

Beginning in 1995-96, \$300 million was made available to promote diversification and value-added growth through the Western Grain Transportation Adjustment Fund. This includes \$105 million for producers in Manitoba and eastern Saskatchewan who were affected by changes in the freight-cost pooling system; \$45 million to help alfalfa dehydration and compressed

IMPROVING SERVICE TO RURAL CANADIANS

hay processors; and \$140 million for investment in agricultural infrastructure such as roads, water supply and treatment facilities across the Prairies.

The federal government accelerated payment of \$72.6 million in adjustment funds upon termination of the Feed Freight Assistance (FFA) subsidy. In response to advice from the FFA Task Force, the government increased funding by \$10 million and introduced measures to speed up delivery of payments.

IMPROVING THE ENVIRONMENT FOR CO-OPERATIVES

As business organizations, co-operatives contribute significantly to the growth, jobs and economic prosperity of communities across the country. They are particularly influential in rural communities.

The Government of Canada is working to improve the business environment for co-operatives by modernizing the legislation under which they operate. After much consultation with the co-operative sector, the federal government introduced the new legislation, Bill C-91, in March. The new Canada Co-operatives Act will offer greater flexibility so co-operatives are able to raise new capital. Other enhancements in the new act will provide these organizations with the right legislative environment to achieve their potential in contributing to the wealth of the country.

As rural communities strive to grow and prosper, the federal government is providing them equitable access to programs and services.

- Modern communications technology allows rural Canadians to overcome the barriers of distance and geography, and the federal government is helping. Industry Canada, for example, is connecting rural communities to the information highway through its Community Access and SchoolNet programs. Agriculture and Agri-Food Canada has launched the Canadian Rural Information Service (CRIS), developed to provide information of interest to rural Canadians.

- Agriculture and Agri-Food Canada's Electronic Information Service (ACEIS) is another on-line service that offers a single window to timely and accurate information about the agriculture and the agri-food industry. The 24-hour service offers access to market and trade data, information on government policies, legislation and regulations, and information about research and development activities.

- Other government departments are increasing awareness about their programs and services, many of which benefit rural Canadians. Human Resources Development Canada has several web sites, which can be reached from <http://hrdcdrhc.gc.ca>. Industry Canada makes a wealth of information available through its Strategis web site at <http://www.strategis.ic.gc.ca>.

Also, the Canadian Information Office has a web site about Canada, Canadians and their federation, that, among other things, enables users to participate in direct dialogue. Go to www.infocan.gc.ca.

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AGRI-FOOD TRADE NETWORK

Internet: <http://atn-riae.agr.ca>

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